

Message Text

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ACTION AF-10

INFO OCT-02 ISO-00 HUD-01 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 AS-01 NSC-05
PA-01 PRS-01 /062 W
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R 250805Z JAN 78
FM AMCONSUL DURBAN
TO SECSTATE WASHDC 2812
INFO AMEMBASSY PRETORIA
AMCONSUL CAPE TOWN
AMCONSUL JOHANNESBURG
AMEMBASSY BONN

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CAPE TOWN FOR EMBASSY

EO 11652: NA
TAGS: BBAK, EINV, SF (TRANSKEI)
SUBJ: LARGE SCALE HOUSING VENTURE IN TRANSKEI: POSSIBLE
U.S. FINANCING

1. THE GOVERNMENT OF TRANSKEI HAS APPARENTLY GIVEN APPROVAL FOR A SCHEME TO CONSTRUCT UP TO 12,000, LOW-COST PRE-FABRICATED CEMENT HOUSING UNITS OVER A 10 YEAR PERIOD IN THREE MAJOR CITIES IN TRANSKEI. THE COST REPORTEDLY IS ESTIMATED AT R167 MILLION (\$192 MILLION), INCLUDING AN INFRASTRUCTURE OF ROADS, UTILITIES, SCHOOLS AND HOSPITALS. THE CONTRACT WAS "WON" BY A TRANSKEI FIRM, AFRICA CONSTRUCTION, HEADED BY A WEST GERMAN. PLANNING IS TO BE DONE BY A SOUTH AFRICAN FIRM AND THE PLANT TO CONSTRUCT THE COMPONENTS IS TO BE MADE BY THE WEST GERMAN FIRM OF KESTING. CONTRACT WAS AWARDED TO THE CONSORTIUM WITH THE UNDERSTANDING THEY WOULD HAVE TO RAISE THE ENTIRE CAPITAL FOR THE PROJECT. THE GOT WILL GUARANTEE
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TO REPAY THE LOAN BUT THE SOUTH AFRICAN RESERVE BANK HAS REPORTEDLY AGREED TO BE THE ULTIMATE GUARANTOR.

2. POST OBTAINED FOREGOING INFORMATION FROM EWALD KRANTZ, A GERMAN CITIZEN RESIDENT IN TRANSKEI, WHO IS A DIRECTOR OF AFRICA CONSTRUCTION AND VINCENT LEGGO, THE SOUTH AFRICAN PLANNER. KRANTZ WAS GRANTED A B-1 VISA JAN 20 TO TRAVEL TO THE US. HE

SAID THAT A SA BROKER HAD PUT HIM IN TOUCH WITH ONE RAYMOND EDMONDS, A BROKER EMPLOYED BY LOGAN SALES OF PALO ALTO, CALIF. WHO REPORTEDLY IS PUTTING TOGETHER A FINANCING PACKAGE INCLUDING US FINANCIAL INSTITUTIONS.

3. THIS PROJECT IS STILL VERY MUCH IN THE PLANNING STAGE. FINANCING IS THE PRINCIPAL HURDLE BUT BOTH KRANTZ AND LEGGO TOLD US THE GOT IS ANXIOUS TO PROCEED AND THAT IF FINANCING IS OBTAINED THE PLANNERS WILL THEN SUBMIT A DETAILED SITE ANALYSIS, BUILDING PLANS AND OVERALL PROJECT SCHEME. THE FACT THAT THE GOT HAS GIVEN ITS APPROVAL WITHOUT HAVING SEEN SUCH BASIC PLANNING DOCUMENTS OR SUBMITTED THE PROJECT TO REAL COMPETITIVE BIDDING INDICATES THE GROUP PUTTING THE PROJECT TOGETHER IS VERY MUCH IN COMMAND, AND, IF IT OBTAINS THE FINANCING, WILL PROBABLY BE IN A POSITION TO MAKE THE KEY DECISIONS ON SUB-CONTRACTING.

4. THERE MAY BE AN OPPORTUNITY FOR US FIRMS TO OBTAIN SOME SUB-CONTRACTS FOR THIS PROJECT, PARTICULARLY IF FINANCING IS OBTAINED IN THE US. HOWEVER, IN VIEW OF OUR TRADE POLICY TOWARD TRANSKEI AND OF THE STILL SOMEWHAT SKETCHY NATURE OF THE PROJECT WE DO NOT INTEND TO INFORM US FIRMS IN SA OF THE OPPORTUNITY NOR SUBMIT A TRADE OPPORTUNITY REPORT. WE WILL KEEP ADDRESSEES INFORMED OF THE PROGRESS ON THE PROJECT AND, IF IT APPEARS VIABLE, WE WILL CONSULT WITH ACTION ADDRESSEES BEFORE PROCEEDING.

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TM DEPARTMENT MAY WISH TO CONTACT LOGAN SALES AND INSURE THEY ARE AWARE OF OUR POLICY ON TRANSKEI. WE WOULD APPRECIATE LEARNING ANYTHING FURTHER ABOUT FINANCING OF THIS VENTURE WHICH LOGAN MIGHT OFFER.

FARBER

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Message Attributes

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